

Idaho Legislative Audits
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Department of Environmental Quality
Clean Water State Revolving Fund

Management Report on Financial Procedures

Issued: May 12, 2004
Fiscal Year: 2003



EXECUTIVE SUMMARY LEGISLATIVE AUDITS

IDAHO DEPARTMENT OF ENVIRONMENTAL QUALITY CLEAN WATER STATE REVOLVING FUND

PURPOSE AND SCOPE. We have audited the financial statements of the Idaho Department of Environmental Quality, Clean Water State Revolving Fund for the fiscal year ended June 30, 2003, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine if the Clean Water State Revolving Fund's financial statements are materially accurate and reliable, and that the Fund complied with laws and regulations affecting fiscal operations. The U.S. Environmental Protection Agency (EPA) and the Idaho Department of Environmental Quality (DEQ) have agreed that a separate annual financial and compliance audit of the Fund will be completed.

CONCLUSION. We conclude that the Fund's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the Fund's financial statements.

FINDINGS AND RECOMMENDATIONS. There are no findings and recommendations in this report, nor were there any findings and recommendations in the prior report.

AGENCY RESPONSE. The Department has reviewed the report and is in general agreement with its contents.

FINANCIAL SUMMARY. The Fund is financed by grants from the EPA and State matching funds. The Fund is used to provide loans to municipalities at reduced rates to finance construction of publicly owned wastewater pollution control facilities. The financial activity of the Fund for fiscal year ended June 30, 2003 is summarized as follows:

Clean Water State Revolving Fund
Statement of Net Assets at June 30, 2003

ASSETS:	
<u>Current Assets</u>	
Cash	\$69,074,990
Loans Receivable	2,646,500
Interest Receivable - Loans	839,333
Interest Receivable - Fund Balance	<u>599,085</u>
Total Current Assets	<u>\$73,159,908</u>
 <u>Non-Current Assets</u>	
Loans Receivable	<u> </u>
Total Non-Current Assets	<u>\$63,462,997</u>
 TOTAL ASSETS	 <u>\$63,462,997</u>
 LIABILITIES:	
<u>Current Liabilities</u>	
Miscellaneous Payables	<u>\$136,622,905</u>
 TOTAL LIABILITIES	 <u>\$10,212</u>
 NET ASSETS:	 <u>\$10,212</u>
Unrestricted	
 TOTAL NET ASSETS	 <u>\$136,612,693</u>
	<u><u>\$136,612,693</u></u>

Clean Water State Revolving Fund
Statement of Revenues, Expenses, and Changes in Net Assets for the Year Ended June 30, 2003

<u>Operating Revenues</u>	
Interest Earned - Loans	\$2,245,417
Interest Earned - Fund Balance	3,106,065
Miscellaneous Revenue	<u>6</u>
Total Operating Revenues	<u>\$5,351,488</u>
 <u>Operating Expenses</u>	
Personnel Costs	\$157,077
Indirect Expenses	61,166
Other Expenses	<u>22,884</u>
Total Operating Expenses	<u>\$241,127</u>
 Operating Income	 \$5,110,361
 <u>Non-Operating Revenues</u>	
Contributions from EPA	\$6,261,235
Contributions from State	<u>1,212,912</u>
Total Non-Operating Revenue	<u>\$7,474,147</u>
 Changes in Net Assets	 \$12,584,508
 Net Assets - Beginning of Year	 <u>124,028,185</u>
 Net Assets - End of Year	 <u><u>\$136,612,693</u></u>

OTHER ISSUES. We discussed other, less important issues which, if changed, would improve internal control, ensure compliance, or improve efficiency.

This report is intended solely for the information and use of the Idaho Department of Environmental Quality, the U.S. Environmental Protection Agency, and the Idaho Legislature and is not intended to be, and should not be, used by anyone other than these specified parties.

We thank the director, C. Stephen Allred, and his staff for their assistance and cooperation given to us during this audit.

QUESTIONS CONCERNING THIS AUDIT SHOULD BE DIRECTED TO:

Ray Ineck, CGFM, Supervisor, Legislative Audits

Thomas Haddock, CPA, CGFM, Managing Auditor

For a copy of the entire audit report , contact Legislative Services Office, Audit Division, State Capitol Building, 700 W. Jefferson Street, P.O. Box 83720, Boise, Idaho 83720-0054, or call 208-334-3540.
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